Income-tax raids on Brokers

3930. SHRI RUMANDLA RAMACHANDRAIAH : Will the Minister of FINANCE be pleased to state :

(a) whether Income Tax officials conducted nation-wide raids on 23rd March, 2001 to prove nexus between brokers and corporates that led to market crash and sparked off crisis in stock exchanges;

(b) if so, the results of the raids; and

(c) the action taken against those involved ?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI GINGEE N. RAMACHANDRAN) : (a) and (b) Search actions were conducted on 23-3-2001 at the business and residential premises of the following brokers. :

1. Ketan Parekh, 2. Nirmal Bang, 3. Anand Rathi, 4. Rakesh Jhunjhunwala, 5. Shankar Sharma, 6. R.S. Damani.

The Stock Market had shown a downward trend from 2-3-2001 and a noticeable fall on 13-3-2001. The Income Tax searches took place on 23-3-2001.

The Price of share is a function of Market and as such is dependent on various micro as well as macro economic factors.

The details of seizures in consequence of search operations are mentioned as under :

(Rs. in lakhs)

Name of the Broker	Unexplained Cash	Jewellery	Other	Total
Ketan Parekh	0.60	1.15	Nil	1.75
Nirmal Bang	Nil	Nil	Nil	Nil
Anand Rathi	Nil	7.33	13.15	20.48
Rakesh Jhunjhunwala	9.50	Nil	Nil	9.50
Shankar Sharma (First Global)	Nil	1.62	Nil	1.62
R.S. Damani	3.00	4.65	4.50	12.15

(c) Appraisal reports consisting of the results of analysis of the seized documents in respect of the above parties have been prepared and already sent to the concerned Assessing Officers for initiating Block Assessment proceedings for taxing undisclosed income for the Block Period according to the Provisions of Chapter XIV B of the Income Act, 1961.